

Budget Unit Brief

FY 2017



Workforce Development Fund

Purpose and History

The Workforce Development Fund was created during the 1995 Legislative Session with the enactment of [HF 573](#) (Workforce Development Fund Act) and Iowa Code section [15.341](#). The purpose of the Workforce Development Fund is to provide revenue for programs that address the workforce development needs of Iowa. The Fund is administered by the [Iowa Economic Development Authority](#) (IEDA), and training services are provided by the 15 community colleges. The General Assembly appropriates from the Workforce Development Fund Account, established in Iowa Code section [15.342A](#), to the Workforce Development Fund, established in Iowa Code section [15.343](#). Moneys appropriated to the Workforce Development Fund are used for the following programs and purposes:

- Projects under Iowa Code chapter [260F](#).
- Apprenticeship programs under Iowa Code section [260C.44](#).
- Administrative costs of the Workforce Development Program.

The money in the Workforce Development Fund is allocated as follows:

- \$3.0 million for the Iowa Job Training Program in Iowa Code section [260F.6](#).
- \$1.0 million for the High Technology Apprenticeship Program in Iowa Code section [260F.6B](#).

The Workforce Development Fund Account receives funding from the New Jobs Credit (Iowa Code section [422.16A](#)) per the withholding mechanism in Iowa Code section [260E.5](#), including a job training project funded under Iowa Code section [15A.8](#). After a business training obligation has been paid off, an amount equal to 25.0% of the total amount of withholdings paid by a business for jobs created under the Program is diverted to the Workforce Development Fund Account for a period of 10 years. Initially, the Program had no cap on the amount of funds diverted. The General Assembly set a cap of \$10.0 million in 1996 ([SF 2351](#) – Economic Development Programs Act), lowered the cap to \$8.0 million in 2000 ([SF 2428](#) – Economic Development Appropriations Act), set the cap at \$4.0 million in 2001 ([HF 718](#) – Economic Development Appropriations Act), and set the cap to a maximum of \$6.0 million beginning with 2014 ([HF 2460](#) – Economic Development Appropriations Act), while setting the cap for one year at \$5,750,000 for 2015 ([HF 2460](#) – Economic Development Appropriations Act). The funding is established in Iowa Code section [15.342A](#).

Other Sources of Revenue

In 2014, the General Assembly enacted [HF 2460](#) (Economic Development Appropriations Act) requiring the transfer of all money in the Workforce Development Fund and any moneys accruing to the Fund to be transferred, in equal parts, to support the Apprenticeship Training Program Fund (Iowa Code section [15B.3](#)) and the Job Training Fund (Iowa Code section [260F.6](#)). While the Governor vetoed the repeal of the Fund, the transfer of the money eliminates the utilization of the Fund.

Related Statutes and Administrative Rules

Iowa Code chapter [15](#), Part 15
[261](#) Iowa Administrative Code chapter [8](#)

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More Information

Iowa Economic Development Authority Employee Training Programs:
<http://www.iowaeconomicdevelopment.com/WorkforceTraining/employeetraining>

Iowa General Assembly: <http://www.legis.iowa.gov>

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